

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 149

May 23, 1996, 2:06 p.m.
Page S-5512 Temp. Record

BUDGET RESOLUTION/CPI & Entitlement Reform

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Grassley motion to table the Kerrey/Simpson/Nunn/Brown/Robb amendment No. 4016.

ACTION: MOTION TO TABLE AGREED TO, 63-36

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Kerrey/Simpson/Nunn/Brown/Robb amendment would express the sense of the Senate that the functional totals in this amendment assume the enactment of entitlement reforms that address the long-term structural insolvency of Social Security and Federal retirement, as well as the near-term insolvency of Medicare.

More specifically, the amendment would provide for the following:

- effective January 1, 1997, for Federal civilian employees who are not currently and who have not formerly been employed by the Federal government, the age for eligibility for civil service retirement should be increased: to 60 years with 30 years of service; 62 years with 25 years of service; and 65 years with 5 years of service;
- effective January 1, 1997, the age for eligibility for military retirement for personnel who are not currently and who have not formerly been on active duty should be increased to 50 years of age, with benefit reductions for personnel retiring before the age of 50;
- effective January 1, 2000, the age at which a person is eligible for Medicare should be gradually adjusted to correspond with the age a person is eligible for normal Social Security retirement;
- there should be a cost of living allowance (COLA) for only that portion of individual civilian and military pension levels that

(See other side)

YEAS (63)				NAYS (36)		NOT VOTING (1)	
Republican (32 or 62%)		Democrats (31 or 66%)		Republicans (20 or 38%)	Democrats (16 or 34%)	Republicans (1)	Democrats (0)
Abraham	Inhofe	Akaka	Harkin	Bennett	Bradley	Dole- ²	
Ashcroft	Kempthorne	Baucus	Heflin	Brown	Breaux		
Bond	Kyl	Biden	Inouye	Chafee	Bryan		
Burns	Mack	Bingaman	Kennedy	Coats	Bumpers		
Campbell	McCain	Boxer	Kerry	Cochran	Feinstein		
Coverdell	McConnell	Byrd	Lautenberg	Cohen	Hollings		
Craig	Murkowski	Conrad	Leahy	DeWine	Johnston		
D'Amato	Pressler	Daschle	Levin	Frist	Kerrey		
Domenici	Roth	Dodd	Mikulski	Grams	Kohl		
Faircloth	Shelby	Dorgan	Moseley-Braun	Gregg	Lieberman		
Gorton	Smith	Exon	Murray	Hatfield	Moynihan		
Gramm	Snowe	Feingold	Reid	Jeffords	Nunn		
Grassley	Specter	Ford	Rockefeller	Kassebaum	Pell		
Hatch	Stevens	Glenn	Sarbanes	Lott	Pryor		
Helms	Thurmond	Graham	Wellstone	Lugar	Robb		
Hutchison	Warner		Wyden	Nickles	Simon		
				Santorum			
				Simpson			
				Thomas			
				Thompson			
						EXPLANATION OF ABSENCE:	
						1—Official Business	
						2—Necessarily Absent	
						3—Illness	
						4—Other	
						SYMBOLS:	
						AY—Announced Yea	
						AN—Announced Nay	
						PY—Paired Yea	
						PN—Paired Nay	

do not exceed \$50,000 per year;

- the eligibility age for Social Security retirement should be gradually adjusted to 70 years by the year 2030 in 2 month increments;

- workers should be allowed to divert 2 percent of their total payroll tax into their own personal investment plans as long as there is no effect on the solvency of the Social Security program; and

- the consumer price index should be reduced by .5 percentage points so as to more accurately depict the cost of living.

Following debate, Senator Grassley moved to table the amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

Argument 1:

The Senators who have offered this amendment should receive only praise for what they are attempting. They are exercising true leadership, and courage, in facing up to the unsustainable growth in entitlements. If we obey selfish special interest groups by failing to act now, we will destroy any chance for a decent life for our children and grandchildren. Still, we cannot approve their amendment. We have given our word that we will not do anything in the budget resolution that will affect Social Security this year. Changing the CPI, which we know should be done, would affect Social Security. Additionally, though we recognize that there is wide agreement that the CPI is overstated, we also note that there is wide disagreement by how much, and we should not commit to a set percentage until we have determined what the correct percentage is. Finally, these reform proposals for which we are being asked to walk the plank have no chance of passing this year. This budget resolution already will make major reforms to entitlements, particularly Medicare, Medicaid, and welfare, and will make other tough spending choices to balance the budget by 2002. Senators will have difficulty voting for this budget. It will reduce the promises of spending prior Congresses have made, and they will be attacked politically for making those cuts, even though they are necessary to stop the country from going bankrupt. We may be able to forge a bipartisan compromise on some of these proposals, and we may even get the President to sign them instead of attacking them for his own political gain. If we were to attach the reform proposals in this amendment, though, we would not only not get them signed into law, we would not even get this budget resolution passed. For these reasons, we must reluctantly urge our colleagues to table this courageous amendment.

Argument 2:

This amendment would express the sense of the Senate that the CPI should be increased by one-half percent. That action would reduce Social Security benefits by \$38 billion over 6 years and would increase taxes by \$35 billion over that same time period. Further, it would raise the eligibility age for Social Security to 70, would raise Federal military and civilian retirement ages, would raise the eligibility age for Medicare, and would partially privatize Social Security. We oppose these changes, and thus oppose this amendment.

Those opposing the motion to table contended:

A few years ago Senators Domenici, Nunn, Rudman, and Robb issued a wake-up call to Congress (see 102d Congress, second session, vote No. 75). They offered an amendment to slow the rate of growth of entitlement spending. That amendment was demagogued by then-Majority Leader Mitchell, who offered a second-degree amendment on veterans that ended up killing the amendment. In effect, only 28 Senators voted for that first proposal. At the time, few of us understood the magnitude of the problem, which we admit that we, Democrats and Republicans, had a hand in creating. We knew that we had large deficits, but we wrongly believed our own rhetoric that we could get things under control with relatively painless measures like cutting waste, fraud, and abuse. Today, approximately 4 years and \$2 trillion more in debt later, and with entitlements taking up a much larger portion of our budget, we (or at least many of us) know better.

Spending patterns have greatly changed. Fifty years ago entitlement spending was only beginning. Now it consumes 67 percent of the budget. By 2006, spending on Medicare, Medicaid, Social Security, Federal retirement, and interest on the debt alone will consume all but a tiny portion of all revenues collected. Soon thereafter they will consume all revenue, plus even more will have to be borrowed to pay for them. Every year they will continue growing exponentially. Thus, Senators who think that we can ignore the problem of the growth in entitlement spending by cutting spending in other areas instead are going to have to be willing to eliminate nearly all other spending by 2006 to do so. No money on law enforcement, defense, education, the environment, transportation, or any other pursuit will be available in 2006 if we are going to have a balanced budget without reforming entitlements.

Those Senators who think that the solution is just to raise taxes to collect more money, or to cut them to generate more money through growth, are also wrong. The proportion of taxes collected and used for Federal expenditures has remained at roughly 19

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percent for the last 50 years. In real terms, the amount collected has steadily climbed, because in real terms America has become richer over the past 50 years. Though tax rates have shifted markedly over this time period, and though different taxes have been imposed and repealed on various sectors of the economy, whether we were in high-tax or low-tax times the percentage collected has remained remarkably constant. The reason is that lower tax rates lead to greater economic growth, and as people move into higher tax brackets roughly the same percentage of money is then collected. Admittedly, collecting the same percentage of GDP from a higher tax base would help to an extent, but it would not provide enough of a boost. We cannot make our economy grow faster than the projected rate of growth in entitlements.

The reason is demographics. The uncontrolled rate of growth is not a result of Great Society liberalism or Ronald Reagan conservatism. It is the result of the baby-boomer generation, longer life-spans, and more generous benefits. There are 77 million baby boomers. They are the largest single generation in American history. They are living longer than previous Americans did. When they start retiring in 2013, they will receive benefits for longer periods of time than did previous Americans, there will be many more of them, and, because they did not have as many children as their parents, there will not be enough working Americans paying taxes to support them.

The only credible solution to the problem of entitlement program growth is to reform entitlement programs. This amendment would make many of the necessary reforms. First, it would lower the CPI by half a point. Nearly all economists agree that the CPI is overstated by .5 percent to 2 percent or even more. The CPI is used to determine cost-of-living adjustments (COLAs) for Social Security and other Federal benefits. If the rise in the cost of living is overestimated, then too much is paid in benefits. The amount of money involved is substantial. The .5 percent adjustment that would be made by this amendment, which is the minimum adjustment that economists agree should be made, would result in \$35 billion in savings by 2003. We have already been told that the American Association of Retired People (AARP) intends to demagogue any cut in the CPI by calling it "draconian." It does not matter to the AARP that retirees are not entitled to receive \$35 billion from an overstated CPI; it does not matter to the AARP that the current entitlement path that we are on is unsustainable. It is more than willing to lie to its membership, and to try to defeat Members who would advocate this needed reform.

Another huge reform that would be made by this amendment is that it would gradually raise the eligibility age for Social Security to 70 years old. When Social Security was started in 1935, normal life expectancy was about 60 years of age, and normal eligibility began at 65. Most people were expected to be dead before they could ever collect. The cost of supporting that system was just 1 percent of wages. Now life expectancy is 76, with benefits beginning at 65 still, and life expectancy is expected to climb to 80. Payroll taxes are currently over 15 percent. The system cannot be expected to last through the baby-boomers' retirement unless the eligibility age is raised.

Other reforms that would be made by this amendment would be to raise retirement ages for both military and Federal civilian retirement, and to allow up to 2 percent of Social Security taxes to be spent on real, private sector retirement plans. We strongly support the measures in this amendment, and we think that it would likely even pass if many Senators had not already given their word not to make any changes in Social Security this year. After 4 years, we think we are on the verge of enacting the entitlement reform that is needed. We will not succeed on this vote, but within the next couple of years we will prevail.